

**BEFORE THE POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

**Mail Processing Network
Rationalization Service Changes, 2012**

Docket No. N2012-1

**INTERROGATORIES AND REQUESTS FOR PRODUCTION
OF DOCUMENTS OF THE NATIONAL ASSOCIATION OF PRESORT MAILERS
TO UNITED STATES POSTAL SERVICE WITNESS FRANK NERI
(NAPM/USPS-T4-1-9)**

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the National Association of Presort Mailers (NAPM) directs the following interrogatories and requests for production of documents to United States Postal Service Witness Frank Neri. If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

/s/
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DATED: February 16, 2012

NAPM/USPS-T4-1. Please refer to page 14 of your testimony where you state “[t]he Postal Service intends to use the AMP process as a vital decision-making tool in support of Mail Processing Network Rationalization Service Changes. This current process provides a time-tested and verified method of calculating savings associated with mail processing facility consolidation and/or closure.”

- a. Please confirm whether this process includes any assessment of the cost savings or cost increases to mailers and mail service providers as a consequence of the proposed changes.
- b. If confirmed, please provide any qualitative or quantitative assessment on cost savings or cost increases to mailers and mail service providers. If you cannot confirm, please explain fully.

NAPM/USPS-T4-2. Please refer to page 15 of your testimony where you state, “[f]ollowing implementation of an approved AMP, two post-implementation reviews (PIRs) are required. A PIR measures actual data before and after AMP implementation, comparing the projected savings or costs with actual post-AMP savings or costs.”

- a. Please confirm whether the results of the PIRs from the closures since 2008 have been entered into the record in this case. If confirmed please provide a reference to the supporting data. If not confirmed, please explain fully why the results of past closures were not considered in your network modeling.
- b. Please confirm whether these PIRs can be used to identify the cost impacts of the changes on mailers and mail service providers. If not confirmed, please explain fully why this information is not part of the PIR process.

NAPM/USPS-T4-3. Please refer to page 15 of your testimony where you state, “[t]he proposed Network Rationalization Service Changes would no longer require mail flow for outgoing (originating) operations to be constrained by the AADC / ADC distinction, because the mail processing infrastructure would be consolidated into a streamlined network, thereby allowing all mail processing facilities to be separated on an outgoing primary sort program.”

- a. Please confirm whether the Postal Service considering the elimination of existing mail preparation separations such as AADC, SCF, and 3-Digit and establishing some new preparation separations in support of “an outgoing primary sort program”.
- b. If confirmed, please provide a detailed explanation of any new preparation requirements the Postal Service is considering for the new network. If not confirmed, please explain fully the intent of the statement in the testimony.

NAPM/USPS-T4-4. Please refer to page 16 of your testimony where you state, “[p]resorted First-Class Mail for a mail processing facility’s service area, entered by commercial mailers at co-located BMEU facilities (that is, BMEUs located at mail processing facilities) which meet the CAT at the co-located BMEU and the CET at the mail processing facility would be processed for the next day’s delivery.” And to page 18 where you further state, “[u]nder the proposal, earlier critical acceptance times (“CATs”) would be established for mailings entered at BMEUs to align with revised critical entry times (“CETs”) at mail processing facilities. Earlier acceptance and entry times would allow committed mail to reach the destinating processing facility in time to enable earlier and expanded mail processing.”

- a. Please provide a detailed description of the Customer Acceptance Times (CAT) for mail entered at a co-located BMEU.
- b. Please provide a detailed description of the CATs for mail entered at BMEUs that are not co-located.
- c. Please confirm whether the CATs for the non-co-located BMEUs will be moved to earlier in the day for mailings presented and subsequently transported by the USPS to the origin facility. If confirmed, please provide a detailed description of the CATs for this mail. If not confirmed, please explain fully the acceptance through induction process for commercial mailings.
- d. Please confirm whether the BMEUs will remain open later for mailers and mail service providers that chose to present the mailing and transport it themselves (using a Form 8017) to the processing facility in time to meet the CET. If confirmed, please provide a detailed explanation of the proposed operating schedule. If not confirmed, please explain fully the acceptance through induction process for commercial mailings.
- e. Please confirm whether the Postal Service will continue to transport mail from local mail acceptance points to USPS processing facilities. If confirmed, please provide a detailed explanation of the expected CAT times by product for mail transported by the Postal Service. If not confirmed, please explain fully the acceptance through induction process for commercial mailings..

NAPM/USPS-T4-5. Please refer to page 17 of your testimony where you state, “[i]ncreased tray densities and general capacity utilization would be expected along with improved labor efficiencies.”

- a. Please provide a detailed explanation of any proposed changes to the tray preparation minimums (by separation level).
- b. Please provide a detailed explanation of any proposed changes to the tray separation levels.
- c. Please provide a detailed explanation of any proposed changes to the tray sortation processes. Specifically, please describe whether commercial trays of mail entered at a facility will be processed and containerized for downstream facilities or whether they will be opened and processed in primary sort operations in order to achieve greater tray densities.
- d. Please provide a detailed explanation of the Postal Service’s plans to facilitate greater tray and container densities for commercial mailings.
- e. Please confirm whether the Postal Service will allow the use of copalitization, or other move-mail/share-mail programs to enable multiple mailers or mail service providers to achieve greater densities. If confirmed please provide a detailed explanation of the proposed changes. If not confirmed, please explain fully why they will not be supported.

NAPM/USPS-T4-6. Please refer to page 17 of your testimony where you state, “[t]he reconfigured network would have fewer facilities, and these facilities would prepare containers that are filled to the capacity instead of half-full containers. This would result in the need for less

cube space on air transportation, less MTE on surface transportation, and less tray handling than if various mail processing facilities each prepared its own partial containers of mail.”

- a. Please confirm that, all else being equal, fuller containers (i.e., containers with more pieces) are less costly (on a per-piece basis) for the Postal Service to transport/handle than less-full containers. If confirmed, please explain in detail why fuller containers are less costly (on a per-piece basis) for the Postal Service to handle than less-full containers. If not confirmed, please explain fully.
- b. Please confirm that, all else being equal, fuller trays (i.e., trays with more pieces) are less costly (on a per-piece basis) for the Postal Service to transport/handle than less-full trays. If confirmed, please explain in detail why fuller trays are less costly (on a per-piece basis) for the Postal Service to handle than less-full trays. If not confirmed, please explain fully.

NAPM/USPS-T4-7. Please refer to page 18 of your testimony where you state, “[p]rocessing hours will be determined by the volume of mail. Full time employees will staff core production hours supplemented by a flexible workforce adjusted to daily staffing needs. By utilizing the flexible work force that the national labor agreements allow, management will be able to expand or contract production hours in concert with daily mail volumes.”

- a. Please provide a detailed explanation of the Postal Service’s plans for keeping service commitments in cases where it is determined that the mail arriving prior to the CET exceeds scheduled resources available for processing it.

NAPM/USPS-T4-8. Please refer to page 28 of your testimony where you state, “[a]nother source for productivity improvements is the reduction in the number of sort destinations. Reducing to less than 200 sorting facilities allows for the elimination of AADC and ADC sortation. At origin, mail would be sorted directly to the destinating facility, reducing the number of handling units generated, increasing the density of mail in each handling unit and reducing the number of handlings each unit must receive. At the destination, fewer individual handlings would be necessary to complete processing and distribution.”

- a. Please confirm that the Postal Service is planning to eliminate the AADC and ADC mail preparation categories and replacing them with some other level of sort preparation. If confirmed, please provide a detailed explanation of the proposed changes. If not confirmed, please explain fully.
- b. Please confirm whether the Postal Service is planning to eliminate any other sort categories (e.g., carrier routed mail). If confirmed, please provide a detailed explanation of the proposed changes. If not confirmed, please explain fully.
- c. Please confirm whether the Postal Service is planning to implement new DPS new sort schemes. If confirmed, please provide a detailed explanation of the proposed changes. If not confirmed, please explain fully.
- d. Please confirm whether the Postal Service is planning to establish new qualifying sort minimums. If confirmed, please provide a detailed explanation of the proposed changes. If not confirmed, please explain fully.

NAPM/USPS-T4-9. Please refer to page 33 of your testimony where you state, “[t]he associated benefits would include: Network alignment; a significant improvement in the ability

to project and plan for mail volume and arrival; reduced redundancy; fewer mail processing facilities and less equipment; and a leaner, more efficient organization.”

- a. Please provide a detailed explanation of how the Postal Service plans to use data and inventory management control systems, including Full-Service IMb data, to drive production processes to achieve greater efficiencies and utilization.
- b. Please confirm that increases in Full-Service IMb volumes will help the Postal Service “project...mail volume and arrival.” If not confirmed, please explain fully.
- c. Please explain with specificity the Postal Service’s plan for increasing the proportion of mail that is entered with a Full-Service IMb volume, including plans regarding changes in Full-Service IMb discounts and mail preparation requirements. Please provide estimated timelines regarding when each aspect of the plan is expected to be implemented.